



CANARA HSBC LIFE INSURANCE COMPANY LIMITED
CIN : L66010DL2007PLC248825

Dividend Distribution Policy

Owned by: Corporate Governance
Version no. 1.7

Release Date: 9th February 2026

Version History

Release Date	Version	Revision Description	Approved By
16/11/2018	1.0	Initial version	Audit Committee/ Board
28/11/2019	1.1	No change	Audit Committee/ Board
17/12/2020	1.2	No change	Audit Committee/ Board
7/12/2021	1.3	Minor changes	Audit Committee/ Board
29/03/2023	1.4	Minor changes	Audit Committee/ Board
20/02/2024	1.5	No change	Audit Committee/ Board
20/03/2025	1.6	Minor change	Audit Committee
26/03/2025	1.6	Minor change	Board
09/02/2026	1.7	No change	Audit Committee/ Board

1. Objective

The objective of this policy is to set out the principles and criteria to be considered by the Board of Directors before recommending dividend for the equity shareholders of Canara HSBC Life Insurance Company Limited (Company).

The Board shall judiciously balance payment of dividend to the shareholders, whilst supporting future growth and long-term interests of the Company and all its stakeholders.

2. Criteria for declaration of dividend

a. Statutory and other requirements

The Company shall declare dividend in accordance with the various applicable provisions of the Companies Act, 2013 (as may be amended from time to time) and the Rules made thereunder, the Insurance Act, 1938 (as may be amended from time to time) and the Regulations made/ circulars, notifications issued thereunder, the Articles of Association of the Company and in accordance with the Guidance Note on Dividend Payment, approved by the Board from time to time.

The Board of Directors of the Company shall have flexibility to determine the level of dividend based on the considerations laid down herein and other applicable and relevant factors/ developments.

The dividend for a particular financial year shall be paid out of profits for that year or profits of previous years remaining undistributed, arrived at after providing for depreciation, in accordance with the provisions of the Companies Act, 2013. Dividend may also be paid out of the free reserves, subject to the Rules laid down in this behalf, under the Companies Act, 2013.

The Board of Directors of the Company may also recommend interim dividend during any financial year, out of the surplus in the profit and loss account and out of profits of the financial year in which interim dividend is proposed to be declared.

Dividend shall only be paid to the Company's registered shareholder.

b. Factors to be considered for declaration of dividend

i. The following internal factors and financial parameters may, *inter alia*, be considered before recommending declaration of dividend :

- Profits earned during the financial year
- Accumulated reserves
- Profitability outlook for next few years
- Expected future capital and liquidity requirements
- Available solvency margin and target solvency requirements
- Interim dividend, if any, paid and also dividend payout trends
- Such other factors and/or matters which the Board may consider

- ii. The following external factors may, *inter alia*, be considered before recommending any declaration of dividend :
- Shareholder expectations
 - Macro-economic environment
 - Capital market condition
 - Tax implications if any, on distribution of dividends
 - Dividend pay-out ratios of companies in the same industry

3. Circumstances under which dividend may or may not be declared

The Company shall distribute by way of a dividend, such percentage of the Company's profits, as the Board may determine, as are lawfully available for distribution in each financial year, as certified by the Auditors, subject to the Board making reasonable provisions and transfers to reserves.

Subject to the circumstances mentioned herein below, the Company shall distribute the maximum amount of its profits which may be distributed.

The Board of directors may not recommend dividend depending upon the following circumstances:

- The eligibility criteria for declaration of dividend has not been met by the Company or there are regulatory restrictions on the Company
- The declaration of dividend would result in the solvency ratio reducing below 150% or such higher or lower percentage stipulated by the Regulator as the minimum Solvency Ratio, and adopted by the Company
- The distribution of dividend would result in breach of any covenant or undertaking given by the Company to any lender or would, in the opinion of the Board, be likely to do so within the following 12 months
- The Board believes that the distribution is materially prejudicial to the interests of the Company having regard to implementation of the annual operating plan or strategic plan, the trading prospects of the Company, the need to maintain the sound financial standing of the Company, etc.

4. Utilisation of Retained Earnings

The Boards may decide to deploy the retained earnings of the Company for ensuring optimum levels of solvency margin, for general business purposes, meeting the future growth plans, or such other things as the Board may consider in best interest of the Company and its stakeholders.

5. Dividend and Classes of Shares

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

6. Limitation and Amendments

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 ('Act') or any other statutory enactments, rules, the provisions of such Act or statutory enactments, or rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.

7. Review

The policy shall be subject to annual review by the Audit Committee and the Board of Directors.

Any applicable regulatory changes will be considered as part of the Policy. Necessary changes to the Policy will be incorporated and presented in the next meeting of the Committee/ Board.
